GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:448
ANSWERED ON:20.12.2002
SALE OF TEA
P. RAJENDRAN;P.C. THOMAS

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the system presently being adopted in selling of tea;

(b) whether the Government have accepted the recommendations of M/s A.F. Ferguson and Co. commissioned by the Government to undertake a study on the primary marketing of tea in the country;

(c) if so, the action taken on those recommendations;

(d) whether the recommendations of working group appointed by RBI to enhance the credit limit and other relief package for tea growers have also been accepted by the Government;

(e) if so, the reasons for delay in implementing those recommendations; and

(f) the steps being taken in this direction?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN SHOURIE)

(a) to (f): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 448 FOR ANSWER ON 20.12.2002 REGARDING SALE OF TEA

(a): Producers/manufacturers of tea in India have the following three options to sell their tea:-

1) Sale through tea auction centers recognized by Tea Board under the provisions of Tea (Marketing) Control Order in bulk packages.
2) Direct export to overseas countries in bulk and/or consumer packs.
3) Sale to Indian buyers privately in bulk and /or consumer packs.

Buyers of tea in India subsequently sell teas to wholesaler/retailers etc., which ultimately reach the consumers.

(b)&(c): A study of the primary marketing system for tea was conducted through M/s. A.F. Ferguson & Co. The study recommended reforms in auction rules with respect to minimum lot size, divisibility of lots, proxy bidding, catalogue closing time, drawing of sample quantity, ex-estate sales etc. in order to provide a fair price discovery mechanism for tea. The recommendations of M/s. A.F.Ferguson & Co. have been considered by the Government in consultation with the representatives of tea industry and trade. Government has since accepted the proposals of the Tea Board to introduce the Tea Marketing Control Order (TMCO) 2002 in supersession of TMCO 1984 and to effect certain changes in the existing auction rules, based on the recommendations of the Ferguson Report.

(d) to (f): Based on the recommendations of the Working Group, the Reserve Bank of India has announced, in August 2002, a relief package which provides for restructuring/reschedulement of the loans outstanding in the tea sector from the commercial banks etc. There was some initial delay in the implementation of the guidelines by the banks at the regional and zonal levels because the individual banks had to obtain the approval of their respective Boards to implement the relief package.

A review of the progress of implementation of the relief package has revealed that most banks, which have major exposure to tea sector, have started implementing the relief package. Government and Tea Board are closely monitoring the implementation of the relief package so as to ensure that the industry actually derives the intended benefits at the earliest.